



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2281 (1951)

May 4, 1991

SUBJECT: Offset and Assignment of Federal Crop Insurance Corporation
(FCIC) Payments

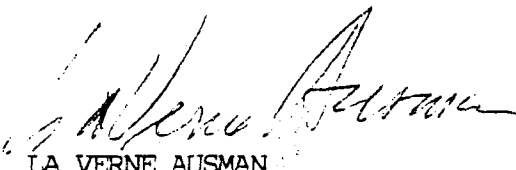
TO: State Directors, District Directors and County Supervisors

PURPOSE/INTENDED ACTION: This Administrative Notice (AN) is issued to clarify that FmHA cannot request administrative offset against FCIC payments to FmHA borrowers.

COMPARISON WITH PREVIOUS AN: No AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES: Do not attempt to use administrative offset to collect FCIC payments due to delinquent FmHA borrowers. Due to a legislative restriction, FCIC and its associated insurance companies cannot honor administrative offset requests to garnish crop insurance claims paid to delinquent FmHA borrowers. However, if a lien on the crop insurance claim is needed to protect the Government's interest, County Supervisors should request borrowers to assign the FCIC payments to FmHA using either FCIC Form CHIAA 757 FmHA or FCI-20 (see copies attached). These forms can be obtained from crop insurance agents or FCIC offices and the completed forms must be returned to the same office.

If you have any questions, please contact Jeanne Hudac at (202) 382-8356 or FTS 382-8356.


LA VERNE AUSMAN
Administrator

Attachments (2)

EXPIRATION DATE: April 30, 1992

FILING INSTRUCTIONS: Preceding FmHA
Instruction 1951-C



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

(Company Name)

ASSIGNMENT OF INDEMNITY**ASSIGNMENT**

(Name of Insured Crop(s))

(Crop Year(s))

(Policy No.)

The undersigned _____

(Name of Insured) (Original Insured Only)

of _____

(Full Mail Address)

(herein referred to as the "Insured") assigns to _____

(Name of Lender or Creditor)

of _____

(Full Mail Address)

(herein referred to as the "Lender") the right and interest of any indemnity payment(s) which may be payable to the Insured under the insurance policy for the crop(s) and crop year(s) shown above.

CONDITIONS

(1) This assignment will be binding upon the person(s) who succeed the Insured's interest in the insurance policy. (2) Indemnity payment(s) made under the insurance policy will be subject to a deduction for any indebtedness due this Company by the Insured. (3) This Assignment will not grant the Lender any greater rights than originally held by the Insured. (4) The Lender's interest will be recognized upon Company approval of this assignment and the Lender will have the right to submit the loss notices and other forms as required by the policy. (5) The Company will determine the person(s) entitled to any indemnity payment(s) and the payment(s) will be by joint check. (6) Cancellation of this assignment prior to the crop year(s) stated above will be accepted by the Company only upon notification in writing by the above identified Lender. (7) When this assignment is to the Farmers' Home Administration (FmHA), indemnity checks will be sent to the FmHA office designated above.

It is understood and agreed that this assignment will be subject to the terms and conditions of the insurance policy.

(Signature of Insured)

(Signature of Lender)

(Signature of Witness)

(Signature of Witness)

(Date)

(Date)

FILING

This assignment was filed with the Company on _____, 19____ at _____ a.m.
(Date) (Hour) p.m.

APPROVAL OF COMPANY

The Company hereby approves the foregoing assignment.

(Company Name)

By: _____

(Authorized Representative)

(Address)

_____, 19____
(Date)

APPLICATION FOR
ASSIGNMENT OF INDEMNITY

PART I - ASSIGNMENT

1 NAME OF INSURED CROP(S) _____ 2 CROP YEAR _____ 3 CONTRACT NO. _____

The undersigned _____ 4 NAME OF INSURED (ORIGINAL INSURED ONLY) _____

of _____ 5 FULL MAIL ADDRESS _____

(herein referred to as "you", "your" or "yours") assigns to _____ 6 NAME OF LENDER OR CREDITOR _____

of _____ 7 FULL MAIL ADDRESS _____

(herein referred as the "Lender:") the right and interest of any indemnity payment(s) which may be payable to you under the insurance contract for the crop(s) and crop year shown above. It is understood and agreed that this assignment shall be subject to the terms and conditions of the insurance contract and to the conditions set forth in Part II hereof.

8 SIGNATURE OF INSURED _____ 11 SIGNATURE OF LENDER _____

9 SIGNATURE OF WITNESS _____ 12 SIGNATURE OF WITNESS _____

10 DATE _____ 13 DATE _____

PART II - CONDITIONS

(1) An assignment shall be binding upon the person(s) who succeed your interest in the insurance contract. (2) Indemnity payment(s) made under the insurance contract shall be subject to a deduction for any indebtedness due the Federal Crop Insurance Corporation by you, and shall also be subject to any United States tax lien duly filed prior to acceptance of this assignment by the Corporation pursuant to the Internal Revenue Code. (3) An Assignment will not grant the Lender any greater rights than originally held by you. (4) Payment will be made by check directly to the lender at the above address, payable as follows: (a) To the lender and the insured if the lender is the Farmers Home Administration. (b) To the lender only if the lender is not the Farmers Home Administration. (5) There will be no more than one assignment in effect at one time on any insured crop(s) for any crop year. (6) This assignment will not be effective until the date the Kansas City Office issues a notice acceptance which will be sent to the agent, lender and the insured. (7) The first assignment approved by the Kansas City Office will be the one in effect. (8) Cancellation of this assignment will be accepted by the Corporation only upon notification in writing by the above identified lender. (9) This assignment will be in effect for only the crop year listed in part I, Item 2. A new assignment must be executed and approved for each crop year. (10) This assignment is accepted by the Corporation as a service to the insured. The Corporation will make a good faith effort to honor the terms of this assignment but no action will lie against the Corporation for failure to do so. THE AGENCY ASSUMES NO RESPONSIBILITY TO EITHER PARTY FOR ACTIONS TAKEN UNDER OR IN VIOLATION OF THIS ASSIGNMENT.

This assignment was received in the service office on _____ 14 DATE _____

By: _____ 15 AGENT CODE - AGENT NAME _____

ORIGINAL